

URUGUAY

**CONDITIONAL CREDIT LINE FOR INVESTMENT PROJECTS:
NEIGHBORHOOD IMPROVEMENT
(UR-X1003)**

**FIRST NEIGHBORHOOD IMPROVEMENT LOAN
(UR-L1009)**

LOAN PROPOSAL

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ABBREVIATIONS

CCLIP	Conditional Credit Line for Investment Projects
DINAVI	Dirección Nacional de Vivienda [National Housing Division]
DINOT	Dirección Nacional de Ordenamiento Territorial [National Land Management Division]
ESMR	Environmental and Social Management Report
FNV	Fondo Nacional de Vivienda [National Housing Fund]
ICAS	Institutional Capacity Assessment System
INE	Instituto Nacional de Estadísticas [National Institute of Statistics]
MIF	Multilateral Investment Fund
MVOTMA	Ministry of Housing, Land Management, and the Environment
PCU	Program Coordination Unit (Program for the Integration of Irregular Settlements)
TOCAF	Texto Consolidado de Contabilidad y Administración Financiera Consolidated Financial Accounting and Administration Text
UNDP	United Nations Development Programme

PROJECT SUMMARY

URUGUAY

CONDITIONAL CREDIT LINE FOR INVESTMENT PROJECTS:

NEIGHBORHOOD IMPROVEMENT

(UR-X1003)

FIRST NEIGHBORHOOD IMPROVEMENT LOAN

(UR-L1009)

Financial Terms and Conditions				
Borrower: Eastern Republic of Uruguay			Amortization period:	25 years
Guarantor: Eastern Republic of Uruguay			Grace period:	5 years
Executing agency: Ministry of Housing, Land Management, and the Environment (MVOTMA)			Disbursement period:	5 years
	Amount (US\$ million)		Interest rate:	Variable
Source	CCLIP	Project	Inspection and supervision fee:	*
IDB (Ordinary Capital)	300	70	Credit fee:	*
Local	90	30	Currency:	U.S. dollars from the Single Currency Facility
Total	390	100		
Project at a glance				
<p>Goal and objective of the CCLIP:</p> <p>The goal is to improve the quality of life of residents of informal settlements and prevent the emergence of new settlements. The objective is to guarantee that residents of these settlements have access to habitable urban lots and adequate infrastructure and social and municipal services, to integrate them with the rest of the city.</p> <p>Goal and objective of the first loan under the CCLIP:</p> <p>The first loan will contribute to the goal and objective of the CCLIP by regularizing and improving informal settlements and providing incentives to expand the low-income housing supply within the formal market, by revitalizing consolidated downtown neighborhoods that are in decline and developing urban areas to create a supply of serviced lots.</p> <p>Components of the CCLIP and the first loan:</p> <p>The CCLIP and the first loan have three components: (i) neighborhood improvement; (ii) prevention of new settlements; and (iii) institution-strengthening. Under the neighborhood improvement component, the first loan will provide financing to regularize and improve at least 25 informal settlements and implement two pilot projects in semiformal areas of Montevideo and Canelones. The component to prevent new settlements will finance a pilot project to revitalize the Goes neighborhood in Montevideo and create 250 serviced lots throughout the country. The institutional strengthening component will strengthen the National Housing Division (DINAVI) and the Program Coordination Unit for the Program for the Integration of Irregular Settlements (PCU) at the MVOTMA. At the departmental level, it will strengthen the municipal governments.</p>				
<p>Special contractual conditions:</p> <p>Evidence that the executing agency and the subexecuting agencies have signed the corresponding subexecuting and financing agreements will be a special contractual condition (paragraph 4.1).</p>				
<p>Special conditions. Establishment of a revolving fund, which in accordance with Article 4.07 of the General Conditions will not exceed 10% of the amount of the loan (paragraph 4.6).</p>				
<p>Project consistent with country strategy: Yes [X] No []</p>				
<p>Project qualifies as: SEQ [X] PTI [X] Sector [X]</p>				

* The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with the applicable provisions of the Bank's policy on lending rate methodology for Ordinary Capital loans. In no case will the credit fee exceed 0.75% or the inspection and supervision fee exceed, in a given six-month period, the amount that would result from applying 1% to the loan amount divided by the number of six-month periods included in the original disbursement period.

I. PROPOSAL FOR A CONDITIONAL CREDIT LINE FOR INVESTMENT PROJECTS

A. Rationale

- 1.1 The conditional credit line for investment projects (CCLIP)¹ is used in cases in which the Bank has financed similar operations in a specific country or sector and anticipates additional investments of the same type. CCLIP requirements are as follows: (i) at least one similar project has been executed by the same executing agency; (ii) overall execution performance and progress in achieving results have been satisfactory; (iii) the borrower and the executing agency have complied with the contractual conditions of the loan contract and with the Bank's disbursement and procurement policies; (iv) audited financial statement are up to date and unqualified; (v) project-financed investments are adequately operated and maintained; (vi) the institutional analysis demonstrates that a satisfactory performance record will be maintained; and (vii) the areas to be financed under the credit line are identified as priorities in the country strategy and program with the Bank.
- 1.2 The CCLIP for the Neighborhood Improvement Program proposed in this document meets these criteria by virtue of the following:
- a. It continues the work pursued as part of the Program for the Integration of Irregular Settlements (loan 1186/OC-UR), which is nearing completion (97% disbursed as of 31 July 2008) and is being implemented by the same executing agency, the Coordination Unit for the Program for the Integration of Irregular Settlements (PCU). In addition, there are similar investment needs, given the potential demand generated by the more than 50,000 households in informal settlements.
 - b. Two evaluations, from 2006/2007 and 2008,² have pointed up the outcomes and impacts of loan 1186/OC-UR and the satisfaction among the program beneficiaries, both those living in the settlements and those who were resettled, with the investments. They also indicated that the investments are generally well run and maintained.
 - c. The executing agency has complied with the conditions of the loan contract and the Bank's policies. In their reports, the auditors have given their unqualified opinion with regard to the financial statements, compliance with contractual clauses, and ex post review of procurements and disbursements. Procurements made under loan 1186/OC-UR have met standards consistent with the Bank's policies.

¹ The CCLIP is described in documents GN-2246-1 and GN-2246-3.

² Interconsult, a consulting firm, evaluated six settlements in 2006/2007; Cifra, a consulting firm, and the Centro de Informaciones y Estudios del Uruguay [Uruguayan Center for Information and Studies], working together, evaluated 22 settlements in 2007/2008.

- d. Sustained institutional performance and further improvements are anticipated. To that end, technical review and supervision of the projects will be strengthened, adjustments will be made to the organizational structure of the PCU, and financial information, project cycle monitoring, and results evaluation systems will be unified. Support for investments in neighborhood improvement is identified as a priority line of action in the Bank's country strategy with Uruguay.

B. Goal, objective, components, and amount

- 1.3 The goal of the CCLIP is to improve the quality of life of residents of informal settlements and prevent the emergence of new settlements. The objective is to guarantee that residents of these settlements have access to adequate infrastructure and social and municipal services and to integrate them with the rest of the city.
- 1.4 The components of this CCLIP are: (i) neighborhood improvement; (ii) prevention of new settlements; and (iii) institution-strengthening. The first component will finance the improvement of neighborhoods that can be transformed in situ into regulated neighborhoods. Approximately 60% of the 696 existing settlements meet this eligibility criterion. The prevention component will finance projects that encourage the development of alternative housing for low-income families, who would otherwise move to informal settlements. The institutional strengthening component will finance technical assistance and training to improve the competencies of the Ministry of Housing, Land Management, and the Environment (MVOTMA), and the municipal governments to regularize existing informal settlements and prevent the formation of new ones.
- 1.5 The amount of the CCLIP is US\$390 million, of which US\$300 million will be contributed by the Bank. The CCLIP is expected to be used to finance three loans over a period of 15 years. The first loan (UR-L1009), which is described in this proposal, will receive US\$70 million in Bank financing. The other two loans would receive US\$115 million each in Bank financing.

II. PROPOSAL FOR THE FIRST CCLIP LOAN

A. Frame of reference

- 2.1 **Macroeconomic information.** Between 2005 and 2007, Uruguay's economy expanded 7.4%, driven by robust internal demand, high levels of foreign direct investment, and the continuation of favorable conditions with regard to external demand and access to private capital markets. A strong primary fiscal surplus (3.5% of gross domestic product) and wise management of public debt were reflected in a further lowering of Uruguay's net debt burden and an improvement in its debt profile. Unemployment fell to the lowest rate in 13 years. The government's commitment to prudent macroeconomic policy, which includes containing inflationary pressures and restructuring social spending, positions the country well to continue to grow and manage the risks of a debt burden that is still too high and

the effects of a possible deterioration of global economic conditions. Based on this macroeconomic framework, conditions are favorable for implementing the proposed loan.

B. Institutional framework

- 2.2 At the national level, the MVOTMA is the institution responsible for the habitat and housing portfolio. The entities that operate under its purview include the following: (i) the National Housing Division (DINAVI), which defines housing policy and the five-year housing plan, formulated by each administration at the beginning of its term and enacted by law; (ii) the National Housing Fund (FNV), the financing vehicle for the government's housing programs; (iii) the Land Management Division, which is responsible for strategic land management planning; (iv) the National Environmental Division; (v) the National Water and Sanitation Division; and (vi) the PCU, which plans and finances interventions to regularize informal settlements, in coordination with the DINAVI.
- 2.3 At the local level, there are 19 municipal governments, of which the Municipality of Montevideo, home to 43% of Uruguay's population, is the largest. The municipal governments are responsible for conducting urban and land planning and for executing, supervising, and maintaining works in the settlements. The entities that provide services are the State-owned Obras Sanitarias del Estado, which provides water and sanitation services throughout the country (except in Montevideo, where sanitation services are provided by the municipal government), the Administración Nacional de Usinas y Trasmisiones Eléctricas [National Administration for Electricity Generation and Transmission], which is responsible for electrification throughout the country, and the ministries and entities in the social sector (health, education). The municipal governments also implement low-income housing programs, such as the program to make serviced properties and lots available.

C. Challenges in the housing sector

- 2.4 **Informal settlements.** Uruguay is a highly urbanized country, with 93% of its three million residents residing in towns and cities. In 2006, the National Institute of Statistics (INE) found that 6.3% of this population (more than 50,000 households) was living in 696 informal settlements, primarily in the departments of Montevideo (412) and Canelones (97).³ The urban, organizational, and socioeconomic characteristics of the settlements are determined by whether they began as spontaneous or organized occupations, by whether they are located in an urban area (66%), an area with the potential for urban development (11%), or a rural area (23%), and by whether the land they occupy is publicly owned (52%), privately owned (34%), or a combination (12%).

³ In Uruguay, a settlement is understood to mean a group of more than 10 houses located on public or private property, constructed without the authorization of the property owner, in violation of city planning laws. These groups lack some or all basic urban infrastructure services and often lack or have very limited access to social services.

- 2.5 Despite these differences, all settlements have problems in common such as: the absence of effective sanitation solutions, an inadequate network of roads in poor condition, the absence of a rainwater drainage system or a poor system, a lack of public lighting, a dearth of public spaces and equipment, and poor environmental quality. The settlements have an age pyramid unlike that of the country in general, with a larger proportion of young people and a smaller proportion of senior citizens. Compared to the national average, settlements have higher birth rates and a lower average age of maternity. Households are headed by less-educated parents, with high rates of single female heads of household. In nearly seven of ten households in settlements, the head of household has only a primary school education. Unemployment rates are higher than the national rate. Most settlement residents (up to 75%) have income levels below the poverty line.⁴
- 2.6 **Depopulation of city centers.** Several factors contribute to the phenomenon of depopulation of city centers and traditional neighborhoods with services, primarily metropolitan Montevideo. These include a preference among middle- and upper-income groups to live in other areas of the city and the need among low-income groups to move to informal settlements on the urban fringe and the perceived benefits associated with doing so. The need to reside in informal settlements reveals the lack of access to housing for all segments of the population. According to other explanations, these decisions are made by weighing the benefit of residing in an informal settlement, i.e., savings in housing costs, against the risk of being evicted.⁵ Depopulation has resulted in the social and geographical segregation of the poorest groups and the expansion of cities into low-density areas, with the attendant rise in the cost of providing services. The Municipality of Montevideo and DINAVI have identified investments and activities to reverse this trend as priorities.
- 2.7 **Excess of vacant housing.** In the 1996-2004 intercensal period, the housing stock grew 1.6% with the addition of 154,000 new homes. The number of occupied housing units climbed by 53,000 and the number of vacant units grew by more than 100,000,⁶ representing average annual growth of 7%. Vacant units accounted for 12% of the housing stock in 1996 but 19% of the housing stock in 2004. This could be seen as an opportunity to invigorate the rental market and sales of previously owned homes. In order to take advantage of this opportunity, a variety of incentives would have to be developed to address the reasons why these units are not being put to use (dilapidation, inheritance problems, property tax debt, etc.). Under a technical-cooperation project financed by the Japan Special Fund

⁴ The Uruguayan government and the municipal governments have education, health, and social welfare programs to close these gaps. Through agreements with entities in the social sector and by participating in the social cabinet, the PCU is coordinating loan activities with operations in the social sector.

⁵ Amarante, Verónica y Caffera, Marcelo. Los factores determinantes de la formación de asentamientos [Determining factors in the formation of settlements], 2003.

⁶ Half of these are seasonal housing units. INE/Carlos Casacuberta, previously cited report.

(ATN/JF-10322-UR), consulting assignments are under way to develop these incentives.⁷ DINAVI has started to finance the renovation of vacant housing units so they can be returned to use.

- 2.8 **Fragmented rental policy.** The public sector supports this market in several ways. Since 1936, the General Accounting Office's rent guarantee service has been available to public- and private-sector employees. In addition, the MVOTMA has two rent guarantee funds: one was established in 2002 within DINAVI for people with income of more than 30 readjustable units, and the second was created in 2006 under the Program for the Integration of Irregular Settlements for people with income of less than 30 readjustable units. DINAVI is in the process of integrating these funds, which will be managed through a single window. However, these measures are not comprehensive or ambitious enough to return a portion of the vacant housing stock to the market. As a result, opportunities are limited for retaining and attracting new residents to city centers and in general for discouraging low-income families from moving to informal settlements.⁸

D. Rationale

- 2.9 The progress made under loan 1186/OC-UR should be continued and further consolidated. The regularization and prevention of informal settlements have become a priority in the country's housing policy. The PCU, the subexecuting agencies, and DINAVI have gained experience, become familiar with demand, and drawn lessons learned, which places them in a good position to enhance neighborhood improvement initiatives and coordinate them with activities to prevent the emergence of new settlements, strengthening the municipal governments as the primary entities responsible for local development. This loan complements the Bank's efforts in other sectors⁹ and is consistent with the Uruguayan government's sector strategy.
- 2.10 During preparation of the loan, the outcomes and impact of 22 neighborhood improvement projects financed under loan 1186/OC-UR were evaluated. The terms of reference and the final report produced as part of the evaluation can be consulted by following the [monitoring and evaluation methodology link](#). The most important conclusions are described below:
- a. Outputs in the form of neighborhood infrastructure made the most substantial contribution. Compared to the baseline and a control group of settlements,

⁷ In particular, a study on the use of occupied and vacant housing units, which will identify why this portion of the housing stock is not being put to use, and an international consulting assignment to support development of the incentives needed to return vacant units to the market.

⁸ Diagnostic assessment and proposals, María de la Luz Nieto de los Ríos, March 2008.

⁹ Montevideo Sanitation Program (PSU IV) (1819/OC-UR); Municipal Development and Management Program (1489/OC-UR); Municipal Development Program (UR-L1038); Montevideo Urban Transportation Program (UR-L1025); and Montevideo Agricultural Market as Key to Socioeconomic Revitalization (UR-M1030), the latter three of which are in preparation.

connection to the sanitation system had the single largest impact, providing the beneficiary settlements with better sanitation conditions than the settlements in the control group and neighboring settlements. The sanitation system is also the initiative most valued by the beneficiaries.

- b. The municipal governments did not assign property titles to the residents. To address this situation, the PCU is supporting the enactment of specific legislation. In November 2007, the Montevideo department board enacted Decree 32,294 “authorizing the Municipality of Montevideo to transfer to beneficiaries of the settlement regularization programs title and possession of the lots resulting from each regularization program.” Other municipalities in the country are considering similar measures. There is a commitment to start assigning property titles before the end of 2008.
- c. To amplify the impact of the initiatives, the projects should be implemented on a scale that encompasses more than individual settlements and should integrate and support the consolidation of urban areas similarly affected by unreliable social and municipal services. Accordingly, the proposed loan operation calls for two pilot projects in semiformal areas, one in Pando Norte in the department of Canelones and another in Cerro Norte in the department of Montevideo.
- d. The economic evaluations and unit cost analyses of executed works showed that some works exceeded the limits set to maintain cost efficiency. This was basically the result of a major devaluation of the Uruguayan peso in 2002, which altered relative prices in the economy. During preparation of this loan, studies were conducted to update the per-beneficiary cost limits. These studies included socioeconomic surveys in the project areas and in the areas in the control group, to determine the impact on property values and the willingness of beneficiaries to pay for these works. See the [economic feasibility report](#).

III. THE LOAN

A. Goal and objectives

- 3.1 Consistent with the goal and objective of the CCLIP, the goal of the first loan is to improve the quality of life of residents of informal settlements and prevent the emergence of new settlements. The objective is to guarantee that residents of these settlements have access to adequate infrastructure and social and municipal services and to integrate them with the rest of the city.
- 3.2 The first loan under the CCLIP will contribute to the aforementioned goal and objective by meeting the following targets: (i) at least 25 informal settlements and two semiformal areas are regularized and improved, benefiting 4,310 and 3,038 households, respectively; (ii) the agricultural market in the Goes neighborhood is revitalized, benefiting 2,209 households; (iii) 250 households receive serviced lots; and (iv) 2,000 households receive a rent guarantee every year.

B. Components

1. Component 1: Neighborhood improvement (US\$78.7 million)¹⁰

- 3.3 This component will finance two types of neighborhood improvement projects: (i) individual projects; and (ii) projects in semiformal areas. Individual projects are regularization projects generally focusing on a single informal settlement that provide financing for infrastructure and activities within the settlement. Semiformal areas are urban areas that encompass at least two informal settlements. Although residents of these areas own the lots where they reside, these areas are characterized as semiformal owing to gaps in basic infrastructure and social and community services.
- 3.4 Both types of projects will provide financing for the following: (i) investments in infrastructure, social services, and formalization of property ownership; (ii) homes for families who must be resettled; (iii) complementary works; (iv) community development; and (v) project preparation and supervision.
- 3.5 Resources provided under the first loan will be channeled into the following investments:
- a. Regularization and improvement of 25 neighborhoods, for which the corresponding projects were identified and partially formulated with financing provided under loan 1186/OC-UR.
 - b. Regularization and improvement of additional neighborhoods that will be identified during execution of this loan, depending on the resources available once the 25 previously mentioned projects are funded.
 - c. Regularization and improvement of two semiformal areas: (i) Pando Norte in Canelones; and (ii) Cerro Norte in Montevideo. Information on location, planned investments, and the estimated budget by source of financing can be found on pages 42 to 62 of the [economic feasibility report](#).

2. Component 2: Prevention of new settlements (US\$14.4 million)¹¹

- 3.6 The objective of this component is to provide incentives to expand the supply of housing for low-income families within the formal market. The loan proposes two strategies: (i) revitalize consolidated downtown neighborhoods that are in decline; and (ii) develop urban and suburban areas with access to public and social services to create a supply of serviced lots. The loan will finance one demonstration project for each strategy, as follows:

¹⁰ In addition to this amount, the municipal governments and other entities will make a counterpart contribution of US\$5.7 million.

¹¹ An additional US\$2.9 million will be in the form of local counterpart resources from the Municipality of Montevideo and other housing investments financed by the MVOTMA, as well as contributions from the Municipality of Montevideo that have not yet been recorded.

a. Revitalization of the agricultural market area in the Goes neighborhood

- 3.7 Goes is one of three historic downtown neighborhoods in Montevideo. Since 1980, its residents have been leaving, its buildings have fallen into disrepair, and its public spaces have suffered neglect and decline. The 16 city blocks in the immediate vicinity of the agricultural market¹² are in worse condition than the rest of the neighborhood and have a high percentage of vacant units (9.2% compared to 4.8% in the rest of the city). Yet the prospects for revitalization are good in this area. Initiatives launched by a number of different entities will, together with this loan, help revitalize the market area. With contributions from the Municipality of Montevideo and the Multilateral Investment Fund (MIF), the building that houses the market will be renovated and its function restored. With financing from the MVOTMA and the Municipality of Montevideo, projects to renovate and build housing for low- and middle-income sectors are being implemented, and the MVOTMA has plans to renovate housing for middle-income families. There is a high level of commitment among local authorities and residents.¹³ See the [proposed revitalization plan](#).
- 3.8 The objectives of the pilot project are to: (i) retain existing residents and attract new ones to the Goes neighborhood and targeted areas; and (ii) maintain and improve the housing stock in the Goes neighborhood and the surrounding area, particularly by creating incentives to rent renovated units.¹⁴ The loan will provide financing for improvements to public spaces (pedestrian walkways, a public plaza, etc.), support for cultural, tourism, and production-related entrepreneurship, revitalization of the agricultural market (complementing investments by the Municipality of Montevideo and the MIF), construction and expansion of city and community services (a childcare center, a sports complex, an interagency public building), and a housing improvement fund for property owners to rent their units.

b. Serviced lots

- 3.9 The objective is to create a housing solution for low-income families without homes by granting ownership of serviced lots on which basic housing units have been erected for completion over time by the new owners, under the incremental housing construction model. The loan will finance the development of 250 lots with residential services, roads, basic housing, supplies to complete construction, property titles, and community development activities, with an average investment of US\$17,000 per unit. See the [serviced lots proposal](#).

¹² A historic building constructed in 1905 and 1915, the market has fallen into disrepair in recent decades and is no longer fully functional.

¹³ DINAVI/IMM (2008). Plan de Revitalización de la zona del mercado agrícola del barrio Goes [Revitalization plan for the agricultural market area in the Goes neighborhood].

¹⁴ The surrounding area is approximately 100 city blocks.

3. Component 3: Institution-strengthening (US\$2.8 million)

- 3.10 The objective of this component is to improve the policy development and operational management capacities of the institutions responsible for executing the loan: (i) DINAVI; (ii) the PCU; and (iii) the municipal governments.
- 3.11 Strengthening activities will allow DINAVI to: (i) develop a comprehensive rent policy, incorporating a rent subsidy and incentives to return vacant housing units to use; and (ii) hire technical specialists to scale up the rent guarantee fund. Activities to strengthen the PCU will improve its administration of the loan in the following areas: (i) technical review and project monitoring; (ii) integration of information systems; and (iii) baseline and evaluation. As part of activities to strengthen the municipal governments, financing will be provided to hire technical specialists to formulate and supervise projects.

4. Administration (US\$4.1 million)

- 3.12 Financing will be provided to cover the expenses of the PCU, including fees, operating costs, and evaluation and monitoring (midterm and final evaluations), and support from the United Nations Development Programme (UNDP) for procurements.

C. Cost and financing

- 3.13 The loan will have a total cost of US\$100 million. The Bank will contribute US\$70 million in resources from the Ordinary Capital, and the Uruguayan government will contribute US\$30 million in local counterpart resources from the National Housing Fund (FNV) (source 730). The execution period will be five years.

D. Results framework and key indicators

- 3.14 The results and impacts of the neighborhood improvement projects will be measured using the following indicators: (i) appraisal of real estate; (ii) year-round transitivity of public thoroughfares; (iii) access for mass transit and garbage collection vehicles on at least one primary road; (iv) titling of lots within no more than 12 months after completion of the physical works; and (v) satisfaction among resettled families with their new homes. In the project to revitalize the Goes neighborhood, the generation of housing for sale and rental will be measured. The indicators and their corresponding targets are presented in detail in the results matrix (Annex I).

Table 3.1: Summary costs of the loan (US\$ millions)*

Components	IDB - MVOTMA		
	IDB	FNV (730)	Total
1. Neighborhood improvement	57.7	21.0	78.7
2. Prevention of new settlements	7.9	6.5	14.4
3. Institution-strengthening	2.3	0.5	2.8
Administration	2.1	2.0	4.1
TOTAL	70.0	30.0	100.0

(*) Loan proceeds will not be used to pay the financing costs, interest, the credit fee, or the inspection and supervision fee.

IV. EXECUTION OF THE LOAN

A. Borrower and executing agency

- 4.1 The borrower will be the Government of the Eastern Republic of Uruguay. The executing agency will be the Ministry of Housing, Land Management, and the Environment (MVOTMA), acting through the Coordination Unit for the Program for the Integration of Irregular Settlements (PCU). The National Housing Division (DINAVI) of the MVOTMA and the municipal governments will be subexecuting agencies. *Evidence that the executing agency and the subexecuting agencies have signed the corresponding subexecuting and financing agreements will be a special contractual condition.*

B. Execution and administration

- 4.2 In its capacity as the executing agency, the PCU will be responsible for the general execution of the loan and the administration of loan proceeds. To that end, it will engage in interagency coordination and take all measures needed to ensure the loan is executed according to schedule, on budget, and in compliance with all contractual requirements and conditions. For these activities, the PCU may enlist the support of the UNDP.
- 4.3 The PCU will also have the following functions: (i) for component 1, it will coordinate all technical and operational aspects, including project programming, project approval and financing, and supervision of project formulation, implementation, and evaluation; (ii) for component 2, under which DINAVI will coordinate technical aspects, it will coordinate operational aspects, which will entail application of the administrative and procurement procedures needed to run the projects; and (iii) for component 3, in the case of activities to strengthen the PCU and the municipal governments, its responsibilities will be the same as those described in item (i) above.
- 4.4 The subexecuting agencies will have the following responsibilities:
- Municipal governments will be the subexecuting agencies for component 1. As such, they will be responsible for the technical aspects of project

preparation, execution, and monitoring. With regard to operational responsibilities, they will: (i) contract multidisciplinary teams of technical specialists;¹⁵ (ii) formulate and approve the neighborhood improvement projects, for presentation to the PCU for approval; (iii) contract and monitor project works and activities; (iv) approve progress reports and works certificates; and (v) handle payments with the PCU. Activities to be monitored will include the execution of infrastructure works, promotion of community participation, formalization of property ownership, and works maintenance.

- b. The DINAVI, the Municipality of Montevideo, and other municipal governments will be the subexecuting agencies for component 2. As such, they will have the following responsibilities: (i) DINAVI will handle the technical and operational coordination and approval and financing of component projects, supervise project formulation, execution, and evaluation, and authorize payments or transfers processed by the PCU; (ii) the Municipality of Montevideo will execute the project to revitalize the agricultural market area in the Goes neighborhood; and (iii) the municipal governments will execute the projects to develop serviced lots, carrying out the same responsibilities indicated in subparagraph (a) above.
- c. The PCU and DINAVI will be the coexecuting agency and the subexecuting agency, respectively, for component 3 and will coordinate the technical and operational aspects of planned component activities.

C. Procurement

- 4.5 Goods, related services, and works will be procured in accordance with the Bank's July 2006 "Policies for the procurement of works and goods financed by the IDB" (document GN-2349-7). Consulting services will be contracted in accordance with the Bank's July 2006 "Policies for the selection and contracting of consultants financed by the IDB" (document GN-2350-7). In the case of goods and/or services, international competitive bidding will be used for contracts valued at US\$250,000 or more, national competitive bidding will be used for contracts valued at between US\$50,000 and US\$250,000, and shopping will be used for contracts valued at less than US\$50,000. For consulting contracts valued at less than US\$200,000, the short list may comprise entirely national consultants. In the case of works, international competitive bidding will be used for contracts valued at more than US\$3 million, and national competitive bidding will be used for contracts valued at between US\$250,000 and US\$3 million. Ex ante and ex post reviews have been agreed on with the country and incorporated into the procurement plan (Annex II).

¹⁵ The multidisciplinary teams will design the comprehensive neighborhood improvement projects, implement the neighborhood development activities, and supervise the execution of works.

D. Revolving fund and audit

- 4.6 **Revolving fund.** *A revolving fund will be established as a special condition of the loan. Pursuant to Article 4.07 of the General Conditions, the fund will not exceed 10% of the amount of the loan.*
- 4.7 **Recognition of expenditures.** The Government of Uruguay has asked the Bank to recognize against its loan up to US\$5 million in expenditures incurred during the 18 months prior to approval of the loan for the execution of direct investments. It has further requested that the Bank recognize up to an additional US\$1 million in expenditures incurred for the execution of direct investments against the counterpart contribution. The recommendation is for the Bank to recognize these expenditures, provided that procedures substantially analogous to the Bank's procedures were used.
- 4.8 **Auditing.** The executing agency will maintain accounting systems satisfactory to the Bank, as well as effective, complete, and up-to-date filing system for all supporting documentation on the loan's financial and accounting management. Annual financial statements will be delivered to the Bank within 120 days after the end of each fiscal year. Within 120 days after the last disbursement of the loan, the executing agency will deliver to the Bank the final financial statements on expenditures made with resources from the Bank's contribution and the local counterpart contribution. The financial statements will be duly audited by an independent firm of public accountants acceptable to the Bank, in accordance with the Bank's conditions, requirements, and terms of reference (documents AF-100, AF-200, AF-300, and AF-400).

E. Monitoring and evaluation

- 4.9 The PCU will use the management, monitoring, and evaluation system for programming, operational, financial, and procurement management, and regular, midterm, and final monitoring and evaluation activities. The objectives are: (i) to use the annual work plan and the procurement plan to help with investment programming; (ii) to monitor execution of the loan using the matrix of results and the cost and financing table; (iii) to systematize baseline data and information generated from risk monitoring activities and support midterm and final evaluations; (iv) to monitor procurements and verify compliance with procedures; and (v) to maintain accounting records for the loan, issue disbursement documentation, etc.
- 4.10 The PCU will prepare the following reports for delivery to the Bank: (i) a midterm evaluation to be used as an input for preparing the second CCLIP loan, for delivery within 90 days after the date on which 60% of the loan proceeds have been disbursed or 36 months into the execution period, whichever occurs first; (ii) a final evaluation to be used as an input for the project completion report, for delivery within 90 days after the date on which 90% of the loan proceeds have been disbursed. More detailed information on operational aspects can be found in the [Operating Regulations](#).

V. FEASIBILITY

A. Environmental and social feasibility

- 5.1 The social and environmental impacts of the loan will be positive inasmuch as the investments will ameliorate the considerable sanitary, environmental, and social risks to which low-income families in these communities are exposed. Adverse social and environmental impacts will be small in magnitude, local, and readily mitigated. In accordance with the Bank's Environment and Safeguards Compliance Policy, the first loan has been classified as a category "B" operation. The [Environmental and Social Management Report \(ESMR\)](#) summarizes the findings of analyses conducted during preparation of the loan and the changes in the Operating Regulations.
- 5.2 Based on the recommendations in the evaluation of 22 projects under the previous loan and the ESMR, several adjustments were made to the Operating Regulations, notably the following: (i) the environmental assessment during the preparation and preinvestment phases of each project was further elaborated to determine the environmental viability of the settlements and identify and describe any environmental liabilities or risks to human health; (ii) additional attention was placed on promoting community participation, as a crosscutting element, throughout the different phases of the project cycle and particularly in the context of environmental management and improvement activities; and (iii) an environmental and social management system annex that includes socioenvironmental monitoring and evaluation indicators was incorporated into the Operating Regulations.
- 5.3 **Institutional feasibility.** The Bank's Country Office in Uruguay conducted a risk evaluation and an assessment under the Institutional Capacity Assessment System (ICAS)¹⁶ in 2006. Risks in the areas of fiduciary and operational management, development effectiveness, and quality safeguards were found to be low and very low. Other consulting assignments during loan preparation identified the need to improve some aspects of internal management, particularly review of the economic and technical aspects of projects, integration of systems for effective monitoring throughout the project cycle, and instrumentation to reliably measure project outcomes. These areas will be addressed as part of activities to strengthen the PCU.
- 5.4 **Technical feasibility.** Although the execution of works financed under the loan will be integrated, the works are not complex from an engineering viewpoint and will present no technical challenges during construction or operation. Sewer, water, and storm drainage systems will use conventional technology. Housing for resettled families will be built according to MVOTMA construction specifications for basic housing. The PCU and the Municipality of Montevideo have agreements in place

¹⁶ The ICAS produces assessments of the institutional capacity of the executing agencies for Bank projects.

with service providers to maintain the works. The same criteria will apply to works in the Goes neighborhood and the serviced lots.

- 5.5 **Economic feasibility.** The initiatives planned under the different components of the loan were evaluated on the basis of the investment and operating and maintenance costs, at shadow prices, and the expected benefits, measured by appraising the value of the respective properties and lots. Based on this information, cost efficiency criteria and benefit benchmarks were set that would guarantee the economic viability of the projects. In the case of initiatives in the informal settlements, limits including an aggregate investment limit per beneficiary household were established and incorporated into the Operating Regulations for the purposes of determining project eligibility. For initiatives in semiformal areas, cost-benefit analyses were conducted that showed return rates on the order of 25% in Cerro Norte and 28% in Pando Norte. For the initiatives in the Goes neighborhood, a positive net present value of US\$920,000 was established.
- 5.6 **Cost per housing unit.** Based on a review of the cost per beneficiary housing unit, the following adjustments have been made to the Operating Regulations: (i) the loan will be managed using Uruguayan indexed units of account, which were valued at 11.74 indexed units per U.S. dollar as of March 2008; (ii) in the case of projects involving individual informal settlements, the investment limit for ensuring the economic viability of the works is 84,400 indexed units per housing unit; (iii) investments by category have been limited; (iv) the maximum number of families to be resettled has been set at 10%; (v) an investment limit of 211,230 indexed units per resettled family has been set; and (vi) supplemental costs have been limited to 13% of direct costs. In the case of initiatives in semiformal areas, the costs per family cannot be standardized owing to the variety of different situations in these areas. In Cerro Norte, the cost per housing unit is 80,000 indexed units; in Pando Norte, the cost is 123,000 indexed units. These initiatives have higher return rates than the initiatives involving individual settlements because housing values are higher in semiformal areas. In the case of the Goes project, a cost per housing unit of 120,000 indexed units was obtained.

B. Special considerations and risks

- 5.7 **Titling.** Benefits accruing from the regularization of informal settlements will not be complete if property title deeds are not issued. Accordingly, the Bank will monitor the following commitments: (i) authorities will begin issuing property title deeds before December 2008 to residents in settlements in Montevideo that have been regularized with financing under loan 1186/OC-UR; and (ii) the departmental boards will approve decrees authorizing transfer of ownership of municipal property to residents in informal settlements that were regularized under loan 1186/OC-UR and settlements that will be regularized under operation UR-L1009.
- 5.8 **Effective cost limits.** In addition to the 2002 devaluation, other factors that could weaken compliance with cost limits are as follows: (i) works standards that raise the cost of the projects; (ii) lack of incentives to keep works within the limit

established; and (iii) major differences between list prices and bid prices. These factors should be monitored to ensure that works standards that lower costs are introduced, counterpart resources are provided by the municipal governments and other entities, and measures are identified to minimize differences between list prices and bid prices. Monitoring is important for meeting the targets set for the loan and helping extend its benefits to a large number of families.

LOAN PROPOSAL
URUGUAY
Neighborhood Improvement Program
(UR-L1009)

MATRIX OF RESULTS, INDICATORS, AND MEANS OF VERIFICATION

Goal and objective of the program	The goal is to improve the quality of life of residents of informal settlements and prevent the emergence of new settlements.		
Outcome indicators	Base	Target	Comments
The quality of life of families in participating neighborhoods and resettled families improves.	0	7,348	At program completion, the families in participating informal settlements have water, electricity, sewer and storm drainage systems, better roads in their neighborhoods, and greater access to social services and public spaces. Source: Progress reports and external evaluation of results
New informal settlements are prevented from forming.	568	568	In 2006, the INE identified 696 informal settlements in the country. The base level number is lower for the following reasons: (i) 22 semiformal residential complexes were mistakenly classified as informal settlements; and (ii) 106 of the informal settlements fall into two categories: (a) 62 were regularized under loan 1186/OC-UR; and (b) 44 will be regularized with financing from program UR-L1009. Accordingly, the base level is 568 settlements (i.e. 696 less 128). Source: INE survey

Objective of component 1	Neighborhood improvement. To guarantee that residents of informal settlements have access to adequate infrastructure and social and municipal services, to integrate them into the social and municipal fabric of the rest of the city.						
Component 1	Base	Year 1	Year 2	Year 3	Year 4	Target	Comments
3,038 families in two semiformal areas in Montevideo and Canelones have seen their quality of life improve.	0			2		2	By the end of the third year, two semiformal areas have been regularized and have access to water, electricity, sewer and storm drainage systems, better roads in their neighborhoods, and greater access to social services and public spaces, compared to the base level. Source: Program reports and evaluation
4,310 families in 25 projects have seen their quality of life improve.	0	4	8	6	6	25	By the third year, 15 informal settlements have been regularized and have access to water, electricity, sewer and storm drainage systems, better roads in their neighborhoods, and greater access to social services and public spaces, compared to the base level.

							By program completion, another 10 informal settlements have been regularized and have access to water, electricity, sewer and storm drainage systems, better roads in their neighborhoods, and greater access to social services and public spaces, compared to the base level. Source: Program reports and evaluation
Objective of component 2	Prevention of new settlements. Revitalization of the agricultural market area in the Goes neighborhood. The objectives are to retain existing residents and attract new ones to the Goes neighborhood and targeted areas, as well as to maintain and improve the housing stock, particularly by creating incentives to rent renovated units.						
Component 2	Base	Year 1	Year 2	Year 3	Year 4	Target	Comments
The housing stock in the agricultural market area and the Goes neighborhood has expanded with new housing and renovated and improved housing units.	0			300	200	500	Families in new homes or renovated rental units. Source: Inventory of renovated rental units and external evaluation of the outcomes of the revitalization project.
Families have been resettled on new serviced lots.	0		150	100		250	Source: Progress reports
Objective of component 3	Institution-strengthening						
Component 3	Base	Year 1	Year 2	Year 3	Year 4	Target	Comments
Rent policy has been designed.	0	1					Reports from consulting assignments and DINAVI
Rent guarantee fund has been expanded.	0	1					Reports from consulting assignments and DINAVI
PCU team has been strengthened and improvements have been made to the information and evaluation systems.	0	1					Reports from consulting assignments and the PCU

Loan Proposal
URUGUAY
Neighborhood Improvement Program
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Summary table of the procurement plan (January 2009 / June 2010 - 18 months)

Nº	Component/subcomponent, category, and description of the procurement contract	Months	Quantity	Average monthly value	Total cost	Estimated cost of procurement (US\$000)		Type of contract	Procurement method	Review (ex ante or ex post)	Source of financing (%)		Status	Duration of the contract (months)	Estimated dates	
						IDB	Local				IDB	Local			Start of contract	Completion of contract
1.	Engineering and administration				1,628,542	1,005,809	622,733									
1.1.	Program Coordination Unit				1,363,601	945,362	418,239									
1.1.1.	Consultants				1,199,603	945,362	254,241									
	Coordinator	18	1	3,416	61,494	50,405	11,089	IC	DC	Ex ante	82%	18%	Pending	18	Q1 '09	Q2 '10
	Assistant coordinator	18	1	3,134	56,418	46,244	10,174	IC	DC	Ex ante	82%	18%	Pending	18	Q1 '09	Q2 '10
	Technical manager	18	1	2,872	51,696	42,374	9,322	IC	Shortlist	Ex ante	82%	18%	Pending	18	Q1 '09	Q2 '10
	Assistant manager 1	18	1	2,570	46,262	37,920	8,342	IC	Shortlist	Ex ante	82%	18%	Pending	18	Q1 '09	Q2 '10
	Assistant manager 2	18	1	2,570	46,262		46,262	IC	Shortlist	Ex ante		100%	Pending	18	Q1 '09	Q2 '10
	Technical supervisors	18	18	33,318	599,731	491,583	108,148	IC	Shortlist	Ex ante	82%	18%	Pending	18	Q1 '09	Q2 '10
	Administrative staff	18	16	16,450	296,103	242,707	53,396	IC	Shortlist	Ex ante	82%	18%	Pending	18	Q1 '09	Q2 '10
	Support staff	18	3	2,313	41,637	34,129	7,508	IC	Shortlist	Ex ante	82%	18%	Pending	18	Q1 '09	Q2 '10
1.1.2.	Operating costs				158,532		158,532									
	Operating costs	18	1	8,807	158,532		158,532		TOCAF			100%	Pending	18	Q1 '09	Q2 '10
1.1.3.	Travel and per diem allowances				5,466		5,466									
	Travel and per diem allowances	18	1	304	5,466		5,466		TOCAF			100%	Pending	18	Q1 '09	Q2 '10
1.2.	Evaluation and monitoring				264,941	60,447	204,494									
1.2.1.	Audits				12,549	12,549										
	Audit of accounts		1		12,549				QCBS	Ex ante	100%	100%	Pending	N/A	Q1 '09	Q2 '10
1.2.2.	Midterm and final evaluations				58,436	47,898	10,538									
	Midterm evaluation		1		29,218	23,949	5,269	CF	QCBS	Ex ante	82%	18%	Pending	N/A	Q3 '09	Q2 '10
	Final evaluation		1		29,218	23,949	5,269	CF	QCBS	Ex ante	82%	18%	Pending	N/A	Q1 '10	Q2 '10
1.2.3.	UNDP administrative costs				193,956		193,956									
	UNDP administrative costs	18	1	10,775	193,956		193,956	Agreement	DC	Ex post		100%	Pending	60	Q1 '09	Q4 '13
2.	Direct costs				45,388,660	37,711,463	7,677,197									
2.1.	Neighborhood improvement				42,285,245	35,190,745	7,094,500									
2.1.1.	Direct investment (including complementary works)				41,895,680	34,801,180	7,094,500									
	Barrios Unidos		1		2,040,000	1,713,600	326,400	Work	NCB	Ex ante	84%	16%	Call for bids	12	Q4 '08	Q4 '09
	Boix y Merino		1		3,280,000	2,755,200	524,800	Work	NCB	Ex ante	84%	16%	Call for bids	12	Q4 '08	Q4 '09
	17 Metros		1		1,870,000	1,570,800	299,200	Work	NCB	Ex ante	84%	16%	Call for bids	12	Q4 '08	Q4 '09
	La esperanza		1		1,810,000	1,520,400	289,600	Work	NCB	Ex ante	84%	16%	Bid conditions in prep.	10	Q1 '09	Q1 '10
	18 de Mayo-Juana de América		1		2,560,000	2,150,400	409,600	Work	NCB	Ex ante	84%	16%	Call for bids	12	Q4 '08	Q4 '09
	Don Bosco		1		800,000	672,000	128,000	Work	NCB	Ex ante	84%	16%	Call for bids	8	Q4 '08	Q4 '09
	Los Eucaliptus		1		1,030,000	865,200	164,800	Work	NCB	Ex ante	84%	16%	Bid process underway	10	Q1 '09	Q1 '10
	Villa Holandesa/6 de Setiembre		1		1,230,000	1,033,200	196,800	Work	NCB	Ex ante	84%	16%	Call for bids	12	Q4 '08	Q4 '09
	Cerro Carmelo		1		630,000	529,200	100,800	Work	NCB	Ex ante	84%	16%	Call for bids	8	Q4 '08	Q3 '09
	Nuestros Hijos		1		517,000	434,280	82,720	Work	NCB	Ex ante	84%	16%	Pending	8	Q4 '09	Q3 '10
	San Antonio		1		4,054,000	3,405,360	648,640	Work	ICB	Ex ante	84%	16%	Pending	15	Q4 '09	Q2 '11
DINOT	25 de Agosto Santa Maria		1		1,850,680	1,535,500	315,180	Work	NCB	Ex ante	83%	17%	Pending	10	Q2 '09	Q2 '10
DINOT	19 de Abril Las Retamas		1		1,556,000	1,353,720	202,280	Work	NCB	Ex ante	85%	13%	Pending	12	Q2 '09	Q3 '10
DINOT	Santa Maria Piedras Blancas		1		1,934,000	1,624,560	309,440	Work	NCB	Ex ante	84%	14%	Pending	12	Q2 '10	Q3 '11
DINOT	6 de Diciembre		1		3,364,000	2,825,760	538,240	Work	ICB	Ex ante	84%	16%	Pending	12	Q4 '09	Q2 '11
	Asencio		1		2,650,000	2,226,000	424,000	Work	NCB	Ex ante	84%	16%	Pending	12	Q2 '09	Q3 '10
	San Antonio III		1		1,300,000	1,092,000	208,000	Work	NCB	Ex ante	85%	15%	Pending	10	Q4 '09	Q3 '10
	Cerro del Estado		1		2,200,000	1,848,000	352,000	Work	NCB	Ex ante	84%	16%	Pending	12	Q2 '10	Q3 '11
	Misiones		1		1,200,000	1,008,000	192,000	Work	NCB	Ex ante	84%	16%	Pending	8	Q4 '09	Q3 '10
	La Humedad		1		1,200,000	1,008,000	192,000	Work	NCB	Ex ante	84%	16%	Pending	10	Q4 '09	Q4 '10
	Anglo (RGCF)		1		220,000		220,000	Work	TOCAF			100%	Awarded	3	Q2 '08	Q3 '08
	Salto Nuevo (RGCF)		1		2,800,000	2,180,000	620,000	Work	NCB	Ex post	78%	22%	Awarded	12	Q4 '07	Q4 '08

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Summary table of the procurement plan (January 2009 / June 2010 - 18 months)

Nº	Component/subcomponent, category, and description of the procurement contract	Months	Quantity	Average monthly value	Total cost	Estimated cost of procurement (US\$000)		Type of contract	Procurement method	Review (ex ante or ex post)	Source of financing (%)		Status	Duration of the contract (months)	Estimated dates	
						IDB	Local				IDB	Local			Start of contract	Completion of contract
	Santa Teresita (RGCF)		1		1,800,000	1,450,000	350,000	Work	NCB	Ex post	81%	19%	Awarded	8	Q4 '08	Q3 '09
2.1.2.	Titling				389,565	389,565										
	Titling		1		389,565	389,565		Agreement	DC	Ex ante	100%		Pending	18	Q2 '09	Q4 '10
2.2.	Projects				3,103,415	2,520,718	582,697									
2.2.1.	Project formulation by multidisciplinary technical teams				1,109,750	909,985	199,765									
	Montevideo sample		1		290,000	237,800	52,200	CF	QCBS	Ex ante	82%	18%	Pending	12	Q2 '09	Q3 '10
	Canelones sample		1		290,000	237,800	52,200	CF	QCBS	Ex ante	82%	18%	Pending	12	Q2 '09	Q3 '10
	El Apero-Nuevo Colon		1		150,000	123,000	27,000	CF	QCBS	Ex ante	82%	18%	Pending	12	Q2 '09	Q3 '10
	Asociación Civil Esperanza		1		290,000	237,800	52,200	CF	QCBS	Ex ante	82%	18%	Pending	12	Q2 '09	Q3 '10
	Mailhos		1		60,000	49,200	10,800	CF	QCBS	Ex ante	82%	18%	Pending	12	Q2 '09	Q3 '10
	New projects		N/A		29,750	24,385	5,365	CF	QCBS	Ex ante	82%	18%	Pending	12	Q1 '10	Q3 '10
2.2.2.	Project formulation - consulting assignments				75,000	61,476	13,524									
	Technical specialists - Mun. of Montevideo		N/A		37,500	30,738	6,762	IC	Shortlist	Ex ante	82%	18%	Pending	12	Q2 '09	Q3 '10
	Technical specialists - Mun. of Rivera (4)		N/A		37,500	30,738	6,762	IC	Shortlist	Ex ante	82%	18%	Pending	12	Q2 '09	Q3 '10
2.2.3.	Project monitoring and execution by multidisciplinary technical teams				1,761,165	1,420,158	341,007									
	Barrios Unidos: Outputs 4 and 5		1		144,800	118,689	26,111	CF	QCBS	N/A	82%	18%	Awarded		Transfer outputs contracted under loan 1186	Q2 '10
	17 Metros: Outputs 4 and 5		1		107,500	88,115	19,385	CF	QCBS		82%	18%	Awarded			Q2 '10
	La Esperanza: Outputs 3, 4, and 5		1		139,300	114,180	25,120	CF	QCBS		82%	18%	Awarded			Q3 '10
	18 de Mayo-Juana de América: Outputs 4 and 5		1		326,600	267,705	58,895	CF	QCBS		82%	18%	Awarded			Q2 '10
	Don Bosco: Outputs 3, 4, and 5		1		157,300	128,934	28,366	CF	QCBS		82%	18%	Awarded			Q2 '10
	Los Eucaliptus: Outputs 3, 4, and 5		1		165,800	135,902	29,898	CF	QCBS		82%	18%	Awarded			Q3 '10
	Villa Holandesa: Outputs 4 and 5		1		57,800		57,800	CF	TOCAF			100%	Awarded			Q2 '10
	6 de Setiembre: Outputs 4 and 5		1		69,400	69,400		CF	QCBS		100%		Awarded			Q2 '10
	Cerro Carmelo: Outputs 4 and 5		1		49,700	40,738	8,962	CF	QCBS		82%	18%	Awarded			Q1 '10
	Nuestros Hijos: Outputs 3, 4, and 5		1		49,170	40,303	8,867	CF	QCBS		82%	18%	Awarded			Q1 '11
	San Antonio: Outputs 3, 4, and 5		1		63,455	63,455		CF	QCBS		100%		Awarded			Q4 '11
	Santa Maria Piedras Blancas: Outputs 3, 4, and 5		1		65,295	53,520	11,775	CF	QCBS		82%	18%	Awarded			Q1 '12
	6 de diciembre: Outputs 4 and 5		1		123,750	101,434	22,316	CF	QCBS		82%	18%	Awarded			Q4 '11
	Asencio: Outputs 3, 4, and 5		1		124,880	102,361	22,519	CF	QCBS		82%	18%	Awarded			Q1 '11
	25 de agosto: Outputs 4 and 5		1		102,975	84,406	18,569	CF	QCBS		82%	18%	Awarded			Q4 '10
	Cerro del Estado: Outputs 3, 4, and 5		1		13,440	11,016	2,424	CF	QCBS		82%	18%	Awarded			Q1 '12
2.2.4.	Monitoring and evaluation (IC)				157,500	129,099	28,401									
	San Antonio III		N/A		32,500	26,639	5,861	IC	Shortlist	Ex ante	82%	18%	Pending	12	Q4 '09	Q3 '10
	19 de Abril Las Retamas		N/A		52,500	43,033	9,467	IC	Shortlist	Ex ante	82%	18%	Pending	12	Q2 '09	Q3 '10
	Misiones		N/A		37,500	30,738	6,762	IC	Shortlist	Ex ante	82%	18%	Pending	12	Q4 '09	Q3 '10
	La Humedad		N/A		35,000	28,689	6,311	IC	Shortlist	Ex ante	82%	18%	Pending	12	Q4 '09	Q4 '10
3.	Prevention of new settlements				16,137,900	7,505,804	8,632,096									
3.1.	Revitalization of Goes neighborhood				10,637,900	3,205,804	7,432,096									
3.1.1.	Renovation of public space (central square and agricultural market)		1		194,915	194,915		Work	Shopping	Ex ante	100%		Pending	4	Q1 '09	Q2 '09
3.1.2.	Renovation of public space (Coviagrícolas)		1		57,223	57,223		Work	Shopping	Ex ante	100%		Pending	4	Q2 '10	Q3 '10
3.1.3.	Renovation of sports facility		1		90,000	90,000		Work	Shopping	Ex ante	100%		Pending	3	Q1 '09	Q2 '09
3.1.4.	Construction of public space and multiuse building		1		606,650	606,650		Work	NCB	Ex ante	100%		Pending	7	Q3 '09	Q4 '09
3.1.5.	Housing development (96 units)		1		4,518,750		4,518,750	Work	TOCAF			100%	Pending	18	Q3 '09	Q1 '11
3.1.6.	Expansion of INCHALA childcare center		1		82,766	82,766		Work	Shopping	Ex ante	100%		Pending	5	Q1 '09	Q2 '09

Loan Proposal
URUGUAY
Neighborhood Improvement Program
(UR-L1009)

Summary table of the procurement plan (January 2009 / June 2010 - 18 months)

N°	Component/subcomponent, category, and description of the procurement contract	Months	Quantity	Average monthly value	Total cost	Estimated cost of procurement (US\$000)		Type of contract	Procurement method	Review (ex ante or ex post)	Source of financing (%)		Status	Duration of the contract (months)	Estimated dates	
						IDB	Local				IDB	Local			Start of contract	Completion of contract
3.1.7.	Specialists to monitor housing improvement fund works		10		150,000	150,000		IC	Shortlist	Ex ante	100%		Pending	N/A	Q2 '09	N/A
3.1.8.	Nongovernmental organizations/ civil associations for social action (6 projects)		1		200,000	200,000		CF	QCBS	Ex ante	100%		Pending	N/A	Q2 '09	N/A
3.1.9.	Housing improvement fund		1		1,357,000	1,357,000		N/A	Agreement	Ex ante	100%		Pending	N/A	Q3 '09	N/A
3.1.10.	Consultant 1 for Goes administration. Management 2,500 x 18 months	18	1	2,500	45,000	45,000		IC	Shortlist	Ex ante	100%		Pending	18	N/A	N/A
3.1.11.	Consultant 2 for Goes administration. Urban development	18	1	2,000	36,000	36,000		IC	Shortlist	Ex ante	100%		Pending	18	N/A	N/A
3.1.12.	Consultant 3 for Goes administration. Management	18	1	2,000	36,000	36,000		IC	Shortlist	Ex ante	100%		Pending	18	N/A	N/A
3.1.13.	Roof and basic structure for the agricultural market		1		3,263,596	350,250	2,913,346	Work	ICB	Ex ante	11%	89%	Pending	N/A	Q2 '09	N/A
3.2.	Serviced lots				5,500,000	4,300,000	1,200,000									
3.2.1.	Basic infrastructure and 250 housing shells		1		4,300,000	4,300,000		Work	ICB	Ex ante	100%					
3.2.2.	Stock of supplies		1		1,200,000		1,200,000	Work	TOCAF			100%				
4.	Institution-strengthening				800,070	657,931	142,139									
4.1.	Workshops				28,000	28,000										
4.1.1.	Training workshops		1		28,000	28,000		IC	Shortlist	Ex ante	100%		Pending		Q1 '09	Q2 '10
4.2.	Strengthening of subexecuting agencies				566,411	464,272	102,139									
4.2.1.	Technical supervisors - Mun. of Montevideo		9		299,865	245,791	54,074	IC	Shortlist	Ex ante	82%	18%	Pending	18	Q1 '09	Q2 '10
4.2.2.	Technical supervisors - Mun. of Canelones		6		199,910	163,861	36,049	IC	Shortlist	Ex ante	82%	18%	Pending	18	Q1 '09	Q2 '10
4.2.3.	Technical supervisor - Mun. of Paysandu		1		33,318	27,310	6,008	IC	Shortlist	Ex ante	82%	18%	Pending	18	Q1 '09	Q2 '10
4.2.4.	Technical supervisor - other coexecuting agency		1		33,318	27,310	6,008	IC	Shortlist	Ex ante	82%	18%	Pending	18	Q1 '09	Q2 '10
4.3.	Equipment				40,000		40,000									
4.3.1.	Furnishings and equipment		1		40,000		40,000	Goods	TOCAF			100%	Pending			
4.4.	Strengthening of DINAVI				165,659	165,659										
4.4.1.	Technical specialists- unified rent guarantee fund	18	8	1,150	165,659	165,659		IC	Shortlist	Ex ante	100%		Pending	18	Q1 '09	Q2 '10

TOCAF

Consolidated Financial Administration and Accounting Text (Uruguayan procurement rules and regulations)

The italicized entries under 2.1 include complementary works.

3.13 includes municipal counterpart funds.

P1 Census and diagnostic assessment

P2

P3 Preliminary support for works

P4 Neighborhood improvement project

P5 Work and post-work operations

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/08

Uruguay. Conditional Credit Line (CCLIP) UR-X1003
Neighborhood Improvement

The Board of Executive Directors

RESOLVES:

1. That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such agreement or agreements as may be necessary with the Eastern Republic of Uruguay, to establish a Conditional Credit Line (CCLIP) for neighborhood improvement, hereinafter referred to as the "Credit Line", of up to the sum of US\$300,000,000, chargeable to the resources of the Single Currency Facility of the Ordinary Capital of the Bank.
2. That the establishment and utilization of the Credit Line shall be carried out in accordance with: (a) the objectives and regulations of the Conditional Credit Line for Investment Projects established by Resolution DE-58/03 of July 16, 2003 and amended by Resolutions DE-10/07 of January 31, 2007 and DE-164/07 of December 19, 2007; and (b) the specific provisions set forth in documents GN-2246-4 and GN-2246-7.
3. That the approval of individual operations, chargeable to the Credit Line, shall be subject to, with the exception of the first of such operations, the satisfactory performance of the previous program or programs financed under the Credit Line.
4. That the amounts authorized to finance individual operations chargeable to the Credit Line shall be granted as individual loans subject to the usual financial terms and conditions applicable to financing from the resources of the Single Currency Facility of the Bank's Ordinary Capital, in force at the time that the individual operation is approved, which shall be specified in the executive summary of the corresponding loan proposal.
5. That the Bank may only sign an agreement or agreements with the Eastern Republic of Uruguay to grant financing for the first individual operation after the Credit Line agreement or agreements between the Eastern Republic of Uruguay and the Bank enter into force.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/08

Uruguay. Individual Loan ____/OC-UR to the Eastern Republic of Uruguay
Neighborhood Improvement. Utilization of the resources of the
Conditional Line of Credit (CCLIP) for Investment Projects
established by Resolution DE-___/08

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to utilize the resources of the Conditional Line of Credit for Investment Projects (CCLIP) approved pursuant to Resolution DE-___/08, by entering into such contract or contracts as may be necessary with the Eastern Republic of Uruguay, as Borrower, for the purpose of granting it financing for an individual operation for cooperating in the execution of a neighborhood improvement program. Such financing will be in the amount of up to US\$ 70,000,000, from the resources of the Single Currency Facility of the Bank's Ordinary Capital, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.